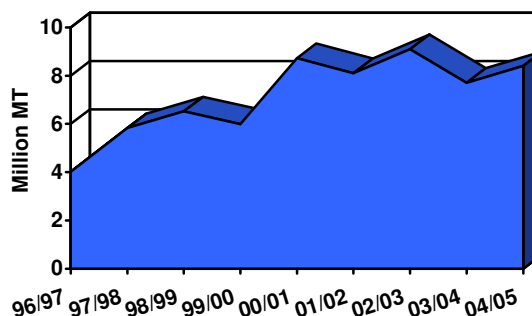

COARSE GRAINS: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

U.S. Corn Exports to NAFTA Countries Stay Strong: Amidst softening demand in South America, the Middle East, and East and Southeast Asia, U.S. corn exports have found a bright spot in NAFTA, where import demand has increased by 9 percent since last year. Canada's stronger appetite is fueled by higher livestock feeding and industrial use. Mexico's demand is growing rapidly largely due to its expanding poultry sector. Although U.S. exports elsewhere in the world have fluctuated over the past 4 years due to competition, NAFTA has remained a steady and strong market.

U.S. Corn Exports to NAFTA Countries

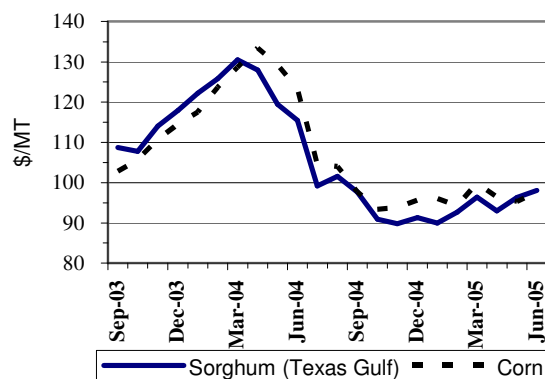


PRICES:

Domestic: June export bids for #2 yellow corn averaged nearly \$98/MT, up more than \$2 from May. Corn export values have remained in a narrow range since harvest.

June export bids for #2 yellow sorghum (Texas Gulf) averaged just over \$98/MT, up \$2 from the previous month but 15 percent below year-ago prices. Sorghum remains at a slight premium to corn, partly as a result of recent strong commercial and aid shipments.

U.S. Gulf Export Bids



TRADE CHANGES IN 2005/2006

Selected Exporters

- **Ukraine barley** is up 500,000 tons to 4.0 million based on larger production prospects.
- **EU barley** is down 300,000 tons to 3.3 million because of greater expected Ukrainian competition at prices necessitating larger EU export subsidies.

Selected Importers

- **Canada corn** is up 200,000 tons to 2.0 million based on smaller crop prospects.
- **Egypt corn** is raised by 300,000 tons to 4.8 million with recovering demand.

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- **South Korea corn** is cut 300,000 tons to 8.5 million as its feed demand appears stagnant.
 - **Mexico corn** is raised 300,000 tons to 6.2 million due to strong demand from the poultry sector.
 - **Venezuela corn** is dropped 250,000 tons to 400,000 as the poultry sector faces competition from Brazilian broiler imports.

TRADE CHANGES IN 2004/2005

Selected Exporters

- **United States corn** is raised 500,000 tons to 46.0 million on the basis of pace to date and stronger demand from Canada and Mexico.
- **Brazil corn** is lowered 200,000 tons to 1.5 million as winter crop production is very poor and exports have dropped to a trickle.
- **EU corn** is down 300,000 tons to 200,000 due to a sluggish pace.
- **EU barley** is increased 500,000 tons to 3.3 million tons on strong late-season sales out of intervention.
- **Australia sorghum** is down 200,000 tons to 500,000 based on slow early-season shipments to Japan.
- **United States sorghum** is up 200,000 tons to 4.7 million based on the export pace to date.

Selected Importers

- **Brazil corn** is cut 300,000 tons to 700,000 as the government clamps down on imports of biotech corn.
- **Canada corn** is up 200,000 tons to 2.4 million on the basis of a strong pace.
- **Egypt corn** is up 500,000 tons to 5.0 million because of strong recovery in domestic demand, especially in the livestock and poultry sectors.
- **Indonesia corn** is down 300,000 tons to 500,000, as the poultry sector continues to languish due to Avian Influenza.
- **South Korea corn** is down 200,000 tons to 8.3 million as demand appears stagnant and the import pace lags.

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- **Mexico corn** is up 300,000 tons to 6.0 million on the basis of strong demand from the poultry sector.
 - **Saudi Arabia corn** is dropped 400,000 tons to 1.2 million on account of a sluggish pace.
 - **Tunisia corn** is down 200,000 tons to 600,000 as higher barley feeding in the poultry sector displaces corn.
 - **Venezuela corn** is slashed by half to 300,000 tons as a result of higher poultry imports from Brazil and government's restrictions on corn import licenses.
 - **Mexico sorghum** is down 100,000 tons to 3.4 million because of slack shipments from the United States.